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The Benefits of Alternative Dispute Resolution in Intellectual Property Disputes

Miriam R. Arfin

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The Benefits of Alternative Dispute Resolution in Intellectual Property Disputes

by
MIRIAM R. ARFIN*

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Introduction

Intellectual property disputes tend to be large and complex and often involve high stakes. Resolving these conflicts through traditional litigation processes can sometimes be detrimental to the business interests of both sides of the dispute. The major disadvantages of litigating these disputes can be the (1) prolonged time to resolution,¹ (2) high cost,² (3) inflexibility of the result,³ (4) lack of control over

1. Intellectual property cases may take years to resolve. Kevin R. Casey, *Alternative Dispute Resolution and Patent Law*, 3 FED. CIR. B.J. 1 (1993). "The amount of time it takes to litigate a case is incompatible with our present commercial environment. According to James F. Henry, president of the Center for Public Resources, 'In an era when product lives are measured in months and litigation is measured in decades, you can't afford litigation.'" TOM ARNOLD, *PATENT ALTERNATIVE DISPUTE RESOLUTION HANDBOOK* 1-3 (1991) (quoting Deborah L. Jacobs, *Controlling Litigation Costs With a Neutral Third Party*, N.Y. TIMES, Sept. 23, 1990, at 12).

2. Intellectual property cases are particularly expensive to litigate because they tend to be both "fact-intensive" and "expert-intensive." Telephone Interview with Richard Collier, Attorney for Titchell, Maltzman, Mark, Bass, Ohleyer & Mishel, in San Francisco, Cal., and ENE Evaluator and Mediator for the Northern District of Cal. (Feb. 9, 1995). "Typically, IP cases tend to be fact-intensive, involving many issues, each of which is complex." Margaret F. Anderson, *Intellectual Property Mediations: Special Techniques for a Special Field*, 3 TEX. INTELL. PROP. L.J. 23, 24 (1994). As a result, these cases entail costly discovery and often require the retention of numerous experts on patents and damages. In trademark cases, litigants often hire companies to conduct costly, elaborate surveys. Collier, *supra*.

Preparing for trial can cost over one million dollars per side. David W. Platt, *ADR and Patents*, 350 PRAC. L. INST., P.L.I. Handbook Series Order No. G4-3892 (Nov.-Dec. 1992). The trial alone can cost anywhere from \$250,000 to over \$1,000,000, and an appeal might run \$500,000. *Id.* See also ARNOLD, *supra* note 1, at 1-4. The cost to try and to appeal a patent case in the United States typically exceeds a million dollars per side, and not infrequently surpasses \$15 million. Thus, even the winner loses. According to the AIPLA (American Intellectual Property Law Association) 1995 Economic Survey on estimated costs of litigation, the median cost of litigating a patent suit through trial in California is \$1,002,000, while the median cost of litigating a trademark infringement suit through trial is \$401,000 and a copyright infringement suit is \$325,000.

In addition to out-of-pocket expenses, litigation entails the opportunity cost of requiring company owners or employees to spend considerable amounts of time away from their business—in retrieving and reviewing documentary evidence, deposition, and preparing for and participating in trial. Often the individuals who must spend the most time away from work are those whose skills are the most critical to the on-going business.

3. Litigation often yields inflexible results due to the limits on the nature of the relief that a court or jury can grant. "A court can give, or refuse, an injunction, and can give, or deny, monetary relief, the amount of which may vary." Anderson, *supra* note 2, at 24. See also Wayne D. Brazil, *A Close Look at Three Court-Sponsored ADR Programs: Why They Exist, How They Operate, What They Deliver, and Whether They Threaten Important Values*, 1980 U. CHI. LEGAL F. 303, 325 [hereinafter Brazil, *A Close Look*] ("In most cases a judge has very little room for creativity when issuing a judgment. Most judgments simply announce who won and how much money, if any, will change hands."). Generally, one side wins and the other loses. Therefore, the result fails to take into account the business interests or technological concerns of the parties. Also, traditional litigation cannot easily be tailored to fit unique situations. Instead, it "tends to force disputes into a one-size-fits-

the outcome,⁴ (5) poor predictability of the result,⁵ (6) negative publicity,⁶ and (7) harm to a business relationship.⁷

In contrast, Alternative Dispute Resolution (ADR) processes offer numerous advantages over litigation in intellectual property cases. Indeed, ADR is playing a larger role in intellectual property disputes.⁸ This article discusses the many advantages of ADR and presents a case study illustrating them. The article then presents a framework for exploring the "landscape" of dispute resolution processes. In doing so, the article describes several common ADR processes, with particular emphasis on those offered by the United States District Court for the Northern District of California. Finally, this article discusses a method of selecting a suitable ADR process, tailoring it to a case, and preparing for the ADR session.

I

Advantages of ADR

A. A Case Study in ADR: *Hell's Angels v. Marvel Comics*

A trademark infringement case in the Northern District of California illustrates many of the advantages of ADR. The Hell's Angels Motorcycle Club sued Marvel Comics, claiming that a comic book and

all structure." Victoria A. Cundiff, *Companies are Seeking Litigation Alternatives; They Say ADR Can Be Effective in Intellectual Property Disputes*, 15 NAT'L L. J., May 17, 1993, at S25.

4. In litigation, those who are most at risk, such as the owners and management, lack control over both the process and the outcome. Instead, decision-making authority is vested in jurors or judges who "do not understand the relevant business or technology." Cundiff, *supra* note 3. As one lawyer put it, "Trying a patent case to a jury is asking 12 strangers to tell you how to run your business." Collier, *supra* note 2. "Traditional litigation excludes business-driven solutions in favor of purely legal alternatives." Cundiff, *supra* note 3. The decision rendered in litigation might not be limited to damages, but might also dictate what a business is or is not permitted to do. Collier, *supra* note 2.

5. Parties in intellectual property cases face not only the risk of losing, but also a very tenuous capacity to *predict* the result. In intellectual property cases, and particularly patent matters, there is a high degree of fundamental arbitrariness. "The typical patent case is fraught with danger. If you let a jury decide infringement or validity, you could get clobbered." Telephone Interview with Harris Zimmerman, Attorney, Law Offices of Harris Zimmerman, in Oakland, Cal., and ENE Evaluator and Mediator for the Northern District of Cal. (Feb. 9, 1995).

6. Because of the public nature of litigation, a company in litigation risks exposing itself to negative publicity.

7. "Traditional litigation disrupts, and often destroys ongoing business relationships." Cundiff, *supra* note 3, at S25. It is not surprising that after months or even years of contentious litigation, the disputants are often unwilling to continue a business relationship.

8. "[I]n the field of intellectual property law, practitioners are finding that alternatives to litigation can be particularly well-suited to resolving conflicts." Cundiff, *supra* note 3. "Mediation is now commonly used to settle large, complex intellectual property disputes." Casey, *supra* note 1, at 2.

character called "Hell's Angel" violated the Hell's Angels trademark and diluted the value of the Hell's Angels' trade name.⁹ The complaint accused Marvel of "getting a free ride" by using Hell's Angels' "highly recognizable and powerfully evocative mark."¹⁰ Marvel contended that it used the "Hell's Angel" name "in a fantasy science fiction story, derived from the five hundred year-old Faust legend, in which a heroine with super powers battles Satanic forces of evil to save souls sold to the Devil."¹¹ Marvel brought a motion to dismiss, asserting that the comic book heroine "could not logically be confused with a violent motorcycle gang that has been recognized as one of the largest illegal drug manufacturers in the world."¹² Moreover, Marvel claimed, "it is a matter of judicial notice that the majority of the public perceives Hell's Angels and its members with distaste," and "Marvel's comic book cannot worsen that reputation."¹³ The court denied the motion to dismiss.

The case was assigned at its outset to Early Neutral Evaluation (ENE), one of the court's ADR programs, and set for an ENE session.¹⁴ Clients are required to attend the ENE sessions with their lawyers. Three bikers wearing their traditional motorcycle garb appeared with their lawyer on behalf of Hell's Angels. Marvel was represented by its General Counsel and a local attorney. During a confrontational opening statement by Marvel's lawyer, one of the bikers appeared

9. *Hell's Angels Motorcycle Corp. v. Marvel Entertainment Group Inc.*, No. 92-CV-4008 BAC (N.D. Cal. 1992). The complaint sought an injunction, damages and profits. *Id.*

10. Plaintiff's Complaint and Jury Demand at 5, *Hell's Angels Motorcycle Corp. v. Marvel Entertainment Group Inc.*, No. 92-CV-4008 BAC (N.D. Cal. 1992). The complaint alleged that defendant Marvel "adopted and commenced usage of the words Hell's Angel," while the plaintiff Hell's Angels and its predecessor in interest had continuously used its membership mark in "promotion, advertising, conduct and expansion." *Id.* at 3. The motorcycle club has promoted the Hell's Angels and its registered "death head" emblem in authorized products and "services" and "has been diligent and successful in policing the use of [its] mark." *Id.* at 4.

11. Defendants' Reply Memorandum In Further Support of Their Motion to Dismiss at 6, *Hell's Angels Motorcycle Corp.*, No. 93-CV-4008 BAC (N.D. Cal. 1992).

12. Memorandum of Points and Authorities in Support of Defendants' Motion to Dismiss at 2, *Hell's Angels Motorcycle Corp. v. Marvel Entertainment Group Inc.*, No. 93-CV-4008 BAC (N.D. Cal. 1993).

13. *Id.* at 24. Marvel requested that the court take judicial notice of the fact, inter alia, that "the Hell's Angels is viewed with distaste by most of the public." Memorandum of Points and Authorities in Support of Defendants' Request for Judicial Notice at 5, *Hell's Angels Motorcycle Corp. v. Marvel Entertainment Group Inc.*, No. 92-CV-4008 BAC (N.D. Cal. 1992).

14. See *infra* notes 54-62 and accompanying text. Although the ADR process in this case was ENE, a similar result would likely have occurred in mediation. Ordinarily, the proceedings in ENE are confidential. In this case, however, the parties issued a press release at the conclusion of the ADR process. The parties subsequently agreed to the description of the process and result in this article. Richard Collier served as the evaluator.

about to leap across the table at the lawyer. Instead, he went to the door and angrily asked, "Why should I stay?" A bit nervous, the evaluator said, "Because I order you to." To the evaluator's amazement and relief, the biker returned to his seat.

Both sides presented strong positions. Hell's Angels demanded a large sum of money. Marvel, for its part, said that it was enough that it had stopped producing the comic under the name "Hell's Angel." Through private caucuses spread over several hours, the evaluator succeeded in getting the parties to move beyond their *positions* to the *interests* that lay behind them.¹⁵ Hell's Angels' interest was that Marvel not profit from the "Hell's Angel" name. An interest of Marvel's was to resolve the lawsuit in a way that would not directly benefit Hell's Angels.

Next, the evaluator helped the parties explore several creative solutions. The parties ultimately¹⁶ reached a resolution: Marvel agreed to contribute \$35,000 to the Ronald McDonald House for Children, a charity chosen by Hell's Angels, and to forego the use of the term "Hell's Angel" in connection with any of its characters or publications. Together the parties issued a press release that stated,

We are very pleased that this dispute will be resolved in such a creative way, one which will benefit not the parties to the lawsuit but the children who are served by the Ronald McDonald House Marvel is pleased that it was able to reach an amicable and cooperative accord with Hell's Angels.¹⁷

B. Advantages of ADR in Intellectual Property Cases

The *Hell's Angels v. Marvel Comics* case illustrates several advantages of ADR over litigation.¹⁸ ADR can enable the parties to (1) resolve their case quickly and efficiently, (2) save money, (3) reach creative business-driven results, (4) maintain control over the process and results, (5) make better-informed decisions, (6) maintain, preserve, or create new business relationships, and (7) avoid negative publicity. Litigants can obtain these benefits even when the ADR process does not produce a settlement.

15. The difference between positions and interests is discussed *infra* notes 40-44 and accompanying text. .

16. The ENE session began at 9:00 a.m. and concluded at 3:30 p.m.

17. See Angela Baughman, *Skadden Stretches a Settlement in Comic Book Fight*, THE RECORDER, Feb. 11, 1995, at 5.

18. For a discussion on the advantages of ADR in Intellectual Property Disputes, see ARNOLD, *supra* note 1, at 5-1 to 5-7.

1. *Quick and Efficient Resolution*

When a case enters an ADR process early on, the parties may reach a settlement long before they would have ended up in trial or even broached settlement discussions. Even when the case does not settle in ADR, the parties often narrow the issues in dispute and reach agreements about further conduct of the case, possibly eliminating the need for discovery and motions. Much of the benefit of an early ADR process stems from opposing counsel and clients focusing on the case in preparing for ADR and from communicating with each other at the ADR session. Without the ADR process, they may not have focused on the case or communicated with the other side until much later in the litigation process.

2. *Cost Savings*

A case may settle in ADR before the parties incur most of the expenses of discovery, motions, trial preparation, and trial. Several litigants have reported savings of over \$100,000 in the ENE program in the Northern District of California.¹⁹ Again, even when the case does not settle early, the litigants may save money by narrowing the issues and reaching agreement about more focused and efficient conduct of the case.

3. *Creative, Business-Driven Results*

ADR processes encourage the participation of the parties' owners and management. Since these are the people who are at risk and who know their business, they are more likely to fashion a solution that makes business sense. They may reach a creative resolution that the court would not have the power to grant. For example, in a patent dispute, the plaintiff might agree to grant a license to the defendant with mutually agreed-upon restrictions, or the parties might agree to cross-licenses,²⁰ a joint venture, or a phase-out period.²¹

4. *Control Over Process and Result*

ADR generally permits the disputants to maintain some control over both the process and the result.²² The parties can choose an

19. Joshua D. Rosenberg & H. Jay Folberg, *Alternative Dispute Resolution: An Empirical Analysis*, 46 STAN. L. REV. 1487, 1499-1500 (1994). One party to a patent dispute reported savings of over \$1 million.

20. Zimmerman, *supra* note 5.

21. Anderson, *supra* note 2, at 24.

22. This advantage is not necessarily true of private, binding arbitration. Often the parties agree in a contract to invoke the services of a particular provider of binding arbitration, without knowing either the nature of the dispute that might arise or the rules of the

ADR process that is suitable to them and their case, and tailor the process to meet the specific needs of their case. Since a resolution is reached only if all parties agree, the result is far more predictable than submitting a case to a judge or jury.²³

5. *Better-Informed Decision-Making*

ADR can help the parties make informed judgments upon which to base decisions for the future conduct of the litigation or for settlement. Several ADR processes provide the parties with a non-binding evaluation of the case.²⁴ This is sometimes done by a neutral evaluator who has expertise in the subject matter of the dispute.²⁵ This evaluation may serve as a reality check for one or both sides. It is particularly useful where the lawyers are far apart in their assessment of the case or where one of the lawyers is inexperienced. It is also useful when a client could benefit from the opinion of someone other than his or her own lawyer. Often the client does not believe the lawyer's analysis of the weaknesses of the case or the lawyer has painted an overly optimistic view of the case. In any event, the information provided in the evaluation may help the parties reach more informed decisions about their handling of the case, including when, and on what terms, to terminate the litigation. Since intellectual property disputes can involve specialized, complex issues of law and technology, an evaluation can be particularly useful in these cases, often by showing how close or unpredictable the outcome might be.

6. *Maintained, Improved, or New Business Relationships*

ADR fosters direct communication between the principals to a dispute. Thus, ADR better enables the parties to maintain or improve an existing business relationship, or even create a new relationship.²⁶ These relationships may further the business interests of each side.

provider. "Enlisting such help without determining whether the organization's general rules are suitable for the particular dispute forfeits one of the chief benefits of alternative dispute resolution—the ability to select and craft the best-suited procedures." Cundiff, *supra* note 3, at S25. Careful thought should thus be given before including such an arbitration clause in a contract. For model ADR contract clauses, see CPR MODEL ADR PROCEDURES, ADR IN TECHNOLOGY DISPUTES (1987). CPR Technology Committee, *Alternative Dispute Resolution in Technology Disputes*, in CPR PRAC. GUIDE TECHNOLOGY DISPUTES (1987).

23. See discussion *supra* note 4.

24. See *infra* § II.A.2.b. ("Evaluative Processes").

25. In Early Neutral Evaluation, the neutral evaluator has expertise in the subject matter of the dispute. See Brazil, *supra* note 3, at 334.

26. "Since the parties themselves control the outcome, it is less likely that they will be dissatisfied with any new relationship formed through mediation." William F. Heinze, *Pat-*

7. Confidentiality

Most ADR processes are cloaked in confidentiality.²⁷ Thus, the details of the proceedings and any settlement reached remain confidential. Confidentiality may be important to the litigants in intellectual property cases because it enables them to keep technology and financial matters out of the view of competitors, media, or the general public.²⁸ Parties may thus avoid negative media publicity and the resulting public embarrassment.²⁹

II

Choosing an Appropriate ADR Process

A. A Continuum of Dispute Resolution Processes

NON-BINDING		BINDING	
<i>Unassisted</i>	<i>Assisted (Facilitative)</i>	<i>Assisted (Evaluative)</i>	<i>Adjudicative</i>
		ENE	
		Settlement Conference	Trial
Negotiation	Mediation	Court non-binding arbitration	Private binding arbitration
		Mini-trial	
		Summary trial	

A view of the "landscape" of dispute resolution provides a framework for examining the various types of dispute resolution processes. The range of processes may be viewed as a continuum ranging from "Unassisted Negotiation" to "Adjudication." In between these are two types of "Assisted Negotiation": "Facilitative" and "Evaluative."³⁰ Only the adjudicative processes are binding. This article turns to a description of these categories and the ADR processes within

ent Mediation: The Forgotten Alternative in Dispute Resolution, 18 AIPLA Q.J. 333, 346 (1991).

27. Casey, *supra* note 1, at 5 ("ADR hearings usually do not yield transcripts or written opinions in which trade secrets or other confidential information may be compromised (or in which 'dirty linen' of a loss is aired).").

28. *Id.* at 5.

29. *Id.*

30. See ERIKA S. FINE & ELIZABETH S. PLAPINGER, *Overview of Private ADR, in ADR AND THE COURTS: A MANUAL FOR JUDGES AND LAWYERS* 9, 11-12 (1987). Several Evaluative-Assisted Negotiation ADR processes are available that are not included on the continuum. These include med-arb and private judging. See *infra* note 48. This chart focuses primarily on court-sponsored ADR programs.

them, with particular focus on the programs of the United States District Court for the Northern District of California.³¹

1. *Unassisted Negotiation*

In unassisted negotiation the lawyers negotiate with each other in an effort to resolve the case.³² This negotiation often occurs late in the case, sometimes at "the courthouse steps" on the eve of trial. Although lawyers will generally consult with their clients regarding their settlement position and to relay their adversary's settlement offers or demands, the clients sometimes do not actively participate in these negotiations.³³ Assisted dispute resolution processes can help the parties overcome various barriers to settlement.³⁴

31. Only about two percent of the cases filed in the Northern District actually reach trial. ADMIN. OFF. OF THE U.S. CTS., REPORTS OF THE PROCEEDINGS OF THE JUDICIAL CONFERENCE OF THE UNITED STATES: ACTIVITIES OF THE ADMINISTRATIVE OFFICE OF THE UNITED STATES COURTS AI-78, AI-83 (1994) (table listing civil cases terminated during the twelve-month period ended Sept. 30, 1994) (in 1994, 2.3 percent of the civil cases terminated in the Northern District of California reached trial). The remainder are either settled or otherwise dismissed, but often after lengthy, costly, and unsatisfying litigation. Recognizing this tendency, the late Chief Judge Peckham of the Northern District of California pioneered ADR programs in the court with the objective of offering ADR processes to provide a service for litigants, not to reduce a backlog of cases. See Wayne D. Brazil, *Special Masters in Complex Cases: Extending the Judiciary or Reshaping Adjudication*, 53 U. CHI. L. REV. 394, 407 (1986) [hereinafter *Special Masters*]; see also Brazil, *A Close Look*, *supra* note 3, at 306-07.

The Northern District of California distributes to litigants a handbook entitled *Dispute Resolution Procedures in the Northern District of California* describing the various ADR processes.

A procedure sometimes used for settlement purposes but not addressed here is the use of Special Masters. The court may appoint a Special Master to assist in a wide variety of roles, including discovery master and fact-finder or host of settlement negotiations. Brazil, *Special Masters*, *supra*, at 396-98.

32. Brazil, *A Close Look*, *supra* note 3, at 328.

33. *Id.* at 328-30. Even when the lawyers succeed in settling the case through private negotiation, the process and the result may be unsatisfactory to the litigants. *Id.* The various shortcomings of purely private negotiations include inefficiency, exclusion of clients, and lack of external checks on abuses of power by the attorneys or parties. *Id.* These shortcomings may not block negotiations but they may increase costs, delay the initiation and completion of negotiations, and compromise the reliability of the discussion. *Id.* at 330.

34. For a discussion of barriers to negotiated settlement and how a mediator can overcome those barriers, see Robert H. Mnookin, *Why Negotiations Fail: An Exploration of Barriers to the Resolution of Conflict*, 8 OHIO ST. J. ON DISP. RESOL. 235, 235-49 (1993). See also Joshua D. Rosenberg, *The Psychology of Mediation*, THE RECORDER, Mar. 25, 1994, at 9-15 (asserting that a mediator can help parties replace misperceptions and distortions that are so common in litigation with rational judgment); LINDA R. SINGER, SETTLING DISPUTES 20 (1990) (listing ways an "impartial umpire may be able to get negotiations back on track" when negotiators get locked into their positions).

2. *Assisted ADR*

a. *Facilitative*

Next on the continuum is "Assisted Facilitative" dispute resolution. Mediation is the prime example of this type of process.³⁵ In mediation, an experienced lawyer trained by the court works with clients and their counsel to improve communication, identify areas of agreement, and generate options for a mutually agreeable resolution.³⁶ The mediator works with the parties to settle, rather than decide, the dispute.³⁷

A mediator who can speak confidentially with both sides and steer each side without necessarily revealing the confidences of the other and, most especially, who is more objective and more neutral even than counsel, can often accomplish things or help the parties accomplish things that everyone initially thought were impossible.³⁸

As demonstrated by the result in *Hell's Angels*, "[m]ediation holds the potential for producing extremely creative solutions to intellectual property issues."³⁹

A hallmark of mediation is the ability to move beyond the parties' positions to their interests.⁴⁰ As explained in the seminal book on negotiation,⁴¹ "[t]he basic problem in a negotiation lies not in conflicting positions, but in the conflict between each side's needs, desires, concerns, and fears."⁴² These are the parties' interests which "motivate people; they are the silent movers behind the hubbub of positions."⁴³ "Your position is something you have decided upon," but "[y]our interests are what caused you to so decide."⁴⁴

The difference between positions and interests is illustrated by the legend of two girls fighting over a single orange. Both girls wanted the orange. It was decided that the orange would be cut in half and each girl would get one half. One girl took her half, threw out the peel and made juice out of the inside. The other girl used the

35. The mediation process described here is that of the Northern District of California, governed by the Court's Local Rules for Alternative Dispute Resolution [hereinafter ADR L. R.], Rule 6. In the Northern District of California, the mediators volunteer their preparation time and the first four hours in mediation. ADR L. R. 6-3(b).

36. See Cundiff, *supra* note 3, at S25-26.

37. *Id.* at S26.

38. Anderson, *supra* note 2, at 2; see *supra* notes 9-18 and accompanying text.

39. Cundiff, *supra* note 3, at S26.

40. *Id.* The ENE evaluator in *Hell's Angels* was able to move the parties beyond their positions to the interests that lay behind them. See *supra* notes 9-18 and accompanying text.

41. ROGER FISHER AND WILLIAM URY, *GETTING TO YES* 42 (Bruce Patton ed., 1981).

42. *Id.*

43. *Id.*

44. *Id.* at 59.

peel from her half to bake a cake and threw out the inside. Had these girls expressed their interests—"I need the inside of the orange to make juice" and "I need the peel to bake a cake"—rather than their positions—"I need the whole orange," both of them could have been entirely satisfied.

In classical mediation, the mediator does not present an overall evaluation of the case.⁴⁵ The mediator might test the strengths and weaknesses of each side and explore legal issues, often through questions during private caucus.⁴⁶ However, some ADR providers call their process "mediation" when in fact it more closely resembles the evaluative processes in the next category on the continuum.

b. Evaluative Processes

Several ADR processes fall under the category of assisted, evaluative processes. Like mediation, these processes are non-binding. They differ from classical mediation in that the neutral provides an assessment of the merits of the case. The first three processes discussed below, "Settlement Conference with a Judicial Officer," "ENE," and "Court-Sponsored Non-binding Arbitration," are commonly used in the Northern District of California.⁴⁷ The last two processes, "mini-trial" and "summary jury trial," are infrequently used, but might nonetheless be useful in an appropriate intellectual property case.⁴⁸

i. *Settlement Conference with a Judicial Officer*

Settlement conferences with a judicial officer vary depending on the judge or magistrate judge hosting the conference.⁴⁹ As the name of the process implies, its purpose is to settle the case.

[S]ettlement conferences permit the decisionmakers to explore considerations and evaluate materials that would not be admissible at a bench trial. . . . Such considerations or materials might be very important, in the eyes of the parties and counsel, to fashioning a fair or

45. Bruce B. Brunda, *Resolution of Patent Disputes by Non-Litigation Procedures*, 15 AIPLA Q. J. 73, 77-78 (1987).

46. ADR L. R. 6-1.

47. Brazil, *A Close Look*, *supra* note 3, at 303.

48. Brunda, *supra* note 45, at 79-81. Other assisted evaluative ADR processes include med-arb and private judging. In med-arb, the parties can specify in advance that if the mediation fails, the mediator becomes an arbitrator. Cundiff, *supra* note 3, at S26. Private judging occurs when the parties agree on their own, without court involvement, to select a private judge and conduct a private trial under their own rules. FINE AND PLAPINGER, *supra* note 30, at 13.

49. See Brazil, *A Close Look*, *supra* note 3, at 325-36.

sensible solution to a particular dispute, even though they have little or nothing to do with its legal merits.⁵⁰

The judicial officer might assist with case planning and give an evaluation of the case.⁵¹ The settlement judge might not involve the clients as much as a mediator or ENE evaluator would.⁵² Instead, he or she might require the clients to attend, but wait in the hall until the judge and the attorneys have reached an advanced stage of negotiations and wish to consult with the clients about settlement.⁵³

ii. *Early Neutral Evaluation (ENE)*

In Early Neutral Evaluation (ENE), a process designed by lawyers to overcome some of the shortcomings of litigation,⁵⁴ the parties and their counsel attend an informal, confidential conference hosted by a neutral lawyer.⁵⁵ The neutral evaluator has expertise in the subject matter of the case, many years of experience in litigation, and training by the court.⁵⁶ The parties explain to one another and the evaluator the essentials of their case.⁵⁷ The evaluator writes down her evaluation of the case and offers either to present it to the parties or to first assist with settlement discussions.⁵⁸ If the parties do not discuss settlement or if they attempt unsuccessfully to settle the case, the evaluator may help the parties narrow the issues in dispute and organ-

50. *Id.* at 324 (footnote omitted).

51. *See id.* at 323-26.

52. *Id.* at 327-28. Some settlement conference styles do not permit participation by the clients. *Id.* at 327. Others allow the clients to participate directly. *Id.*

53. *See id.* at 312-13.

54. The ENE program was designed by a subcommittee of the task force of lawyers appointed in 1982 by the late former Chief Judge of the Northern District of California, Peckham, to explore ADR alternatives that could save litigants money and time. *Id.* at 307-08, 331. In the Northern District of California, ENE is governed by ADR Local Rule 5. For a more thorough discussion of the origins and purpose of ENE, see *id.* at 331-63. *See also* Wayne D. Brazil, *Early Neutral Evaluation: An Experimental Effort to Expedite Dispute Resolution*, 69 JUDICATURE 279 (1986); David I. Levine, *Northern District of California Adopts Early Neutral Evaluation to Expedite Dispute Resolution*, 72 JUDICATURE 235 (1989). The ENE program has been the subject of several studies. *See* David I. Levine, *Early Neutral Evaluation: A Follow-up Report*, 70 JUDICATURE 236 (1987) [hereinafter *A Follow-up*]; David I. Levine, *Early Neutral Evaluation: The Second Phase*, 1989 J. DISP. RESOL. 1; Rosenberg & Folberg, *supra* note 19, at 1487.

55. Brazil, *A Close Look*, *supra* note 3, at 334; ADR L. R. 5-1. Magistrate Judge Brazil has written a thorough ENE handbook, entitled *Early Neutral Evaluation in the Northern District of California: Handbook for Evaluators*, that takes the evaluator through all phases of the process. The ENE handbook, currently unpublished but available at the library for the District Court of the North District of California, also discusses the history, purposes, and assessments of the ENE program and contains copies of the court's rules, forms, and other program materials.

56. *Id.* at 334-35. *See* ADR L. R. 2-5(b)(2).

57. Brazil, *supra* note 3, at 335. *See* ADR L. R. 5-12(d)(1).

58. Brazil, *supra* note 3, at 336.

ize case-planning such as content and timing of discovery and motions.⁵⁹

Ten days before the evaluation session, litigants are required to exchange and submit to the evaluator a written ENE statement.⁶⁰ Since the process is confidential, they do not file the statement with the court.⁶¹ In patent, trademark, and copyright cases counsel must include information specified in the governing rule (set forth in Appendix B).⁶²

There are several potential benefits to ENE. First, it offers parties the opportunity to communicate directly, early in the case.⁶³ Second, it provides clients and counsel a confidential assessment by an experienced neutral evaluator.⁶⁴ This "reality check" can be particularly useful where counsel are far apart on their evaluation of the case or their understanding of the law, where one lawyer is inexperienced, or where a client does not believe his or her lawyer. Third, ENE can assist in narrowing issues.⁶⁵ Often the litigants agree to dismiss some parties, claims, or defenses, or at least relegate them to the "backburner." Fourth, ENE can help the parties organize and focus discovery and motion work so as to allow for earlier disposition of the case by further settlement negotiations, by motion, or by trial.⁶⁶ Finally, although settlement is not its primary purpose, ENE does provide an opportunity for settlement discussions.⁶⁷

A principal difference between ENE and mediation is the evaluation. This feature can be either useful or damaging in intellectual property cases. It can be useful if it provides the parties with a reality check or some sense of the risk and costs of litigation. It can be damaging if it polarizes the parties or leads one party to become more steadfast in its position.

59. Brazil, *supra* note 3, at 336-37. See ADR L. R. 5-12(a)(b).

60. See ADR L. R. 5-9(a).

61. See ADR L. R. 5-9(b).

62. See ADR L. R. 5-10.

63. See Brazil, *A Close Look*, *supra* note 3, at 334.

64. *Id.*

65. *Id.* at 336.

66. *Id.* at 336-37.

67. See Rosenberg and Folberg, *supra* note 19, at 1510 (thirty-five percent of parties surveyed reported their cases settled in ENE or as a result of it).

iii. *Court-Sponsored Non-binding Arbitration*⁶⁸

Court-sponsored arbitration is an informal trial-like process before a single arbitrator or a panel of three arbitrators.⁶⁹ The arbitrator(s) issue(s) a non-binding judgment (or "award") on the merits, after an expedited adversarial hearing. Either party may reject the non-binding award and request a trial *de novo*.⁷⁰ If a trial *de novo* is requested, the case returns to the docket and the assigned judge does not learn the result.⁷¹ The requesting party is not penalized if it does not obtain a better result at trial.⁷² If trial *de novo* is not demanded within 30 days, the arbitration award becomes a binding, nonappealable judgment.⁷³

Court-sponsored arbitration differs from binding private arbitration⁷⁴ in three significant respects. First, while court-sponsored arbitration is not binding and permits the parties to obtain a new trial, private arbitration is generally binding and leaves only very narrow grounds for appeal.⁷⁵ Second, cases enter court-sponsored arbitration when either the court presumptively refers them to the program, or the litigants volunteer to submit their case to the program. In contrast, cases go to private binding arbitration either because the parties' contract provides for it, or because they later reach an agreement to do so. Third, unlike private arbitration, court-sponsored arbitration is offered to the parties at no cost.⁷⁶

iv. *Mini-trial*

The mini-trial, which was invented in a patent infringement case,⁷⁷ is a highly structured information exchange and settlement negotiation.⁷⁸ Each party—through counsel and perhaps experts—

68. The arbitration program described here is that of the U.S. District Court of the Northern District of California, currently governed by ADR Local Rule 4. For a more detailed discussion of court-sponsored arbitration, see Brazil, *A Close Look*, *supra* note 3, at 363-97.

69. Brazil, *supra* note 3, at 369.

70. See ADR L. R. 4-1.

71. See *id.*

72. In some court-sponsored arbitration programs the party requesting a trial *de novo* is penalized if it does not fare better after trial.

73. See ADR L. R. 4-12(d). The parties may agree in advance that the arbitration award will be binding.

74. Binding private arbitration is discussed under the category of "Adjudication," discussed *infra* at § II.A.3.

75. After judgment is entered on a court arbitration award, the award becomes unappealable.

76. The court pays the arbitrators a minimal amount. See ADR L. R. 4-4(b).

77. *Telecredit Inc. v. TRW, Inc.*, No. CV 74-1127-RF (C.D. Cal. 1977).

78. Brunda, *supra* note 45, at 79.

makes an abbreviated presentation of its case to senior executives from both sides. A neutral advisor usually presides over the proceeding and may render an advisory opinion. The senior executives then meet without the attorneys to try to settle the case.⁷⁹ The result is that the parties, "[a]rmed with an understanding of the strengths and weaknesses of their own case, the opponent's case, and the apparent skills of counsel on both sides, . . . often settle the case."⁸⁰

v. *Summary Bench or Jury Trial*

A summary bench or jury trial is a flexible, non-binding process designed to promote settlement in complex, trial-ready cases headed for protracted trials.⁸¹ It is held in a courtroom before a judge or a judge and six jurors. The process provides litigants and their counsel with an advisory verdict after a short hearing in which the evidence may be presented in condensed form, usually by counsel and sometimes through witnesses. It also provides the litigants an opportunity to ask questions and hear the reactions of the judge or jury.

3. *Adjudication*

On the far right side of the continuum is adjudication. In contrast to the assisted procedures—where the parties enlist a neutral person to facilitate settlement discussions or to render an advisory opinion—in an adjudicative process the parties present their case to someone else to decide for them. Bench and jury trials are forms of adjudication. Another form of adjudication is private, binding arbitration.

B. Selecting a Suitable ADR Process and Tailoring It to a Case

Early in the life of an intellectual property dispute, and periodically throughout the life of the case, counsel should view the case in the context of the dispute resolution continuum and consider where on that continuum the optimal dispute resolution process for the case might lie: unassisted negotiation, assisted facilitative negotiation (mediation), assisted evaluative negotiation, or adjudication. Although lawyers sometimes resolve a case with unassisted negotiation, this often occurs with little client involvement or late in the case. Moreover, it can be difficult to overcome obstacles to settlement without

79. *Id.* at 79-80.

80. ARNOLD, *supra* note 1, at 10-2. This chapter discusses the use of mini-trials in patent cases.

81. See FINE & PAPLINGER, *supra* note 30, ch. 4. The Summary Jury trial was originated by retired Judge Thomas D. Lambros, former chief judge of the Northern District of Ohio. See ARNOLD, *supra* note 1, at 11-12 for a discussion of the benefits and disadvantages of summary jury trials.

the help of a neutral evaluator. Sometimes an adjudicative process will best meet the needs of a client.⁸² Most cases, however, can benefit in some way from an assisted dispute resolution process. They benefit by either early resolution, narrowing the issues in dispute, receiving an expert's evaluation or assistance with case-planning, or improved communication. Thus, ADR should be considered in every case.

A key benefit of ADR is the ability to select a suitable process for a case or to customize a process for a case, rather than force a case to fit into a "one-size-fits-all" process. Thus, it is important that parties carefully select an ADR process. Unfortunately, there is no easy formula to indicate which cases would benefit most from which processes.⁸³

A party should first be aware of the available options. Like the Northern District of California, many federal and state courts offer various court-sponsored ADR processes. The Northern District of California and several other federal courts⁸⁴ have professional ADR staff who, among other tasks, help litigants select an appropriate ADR process or tailor a process to their case. Many state courts and private organizations also offer ADR services⁸⁵ and courts sometimes provide information on private ADR providers. Whether or not a formal

82. Occasionally, a case might be better off in litigation. For example, a party might prefer to have a patent reexamined in federal court and sustained as valid by the U.S. Court of Appeals for the Federal Circuit. "Once a patent is held valid in court, industry tends to give that patent more respect and the patentee can recover its cost by enforcing the precedential value of the decision." Casey, *supra* note 1, at 6 (citation omitted). Of course, this benefit has to be balanced against the risk and ramifications of having the patent declared invalid.

83. For several years, the Northern District of California court has, based largely on the subject matter of the case, assigned some cases at their outset to non-binding arbitration or ENE. The court recognizes, however, that the subject matter may not always be the best indicator of an ADR process. Also, the court believes it is desirable to obtain the input of the parties, the court's professional ADR staff, and the assigned judge in the selection of an ADR process. Thus, the court is experimenting with an ADR Multi-Option Program, governed by ADR L. R. 3. Litigants whose cases are assigned to this program are encouraged to choose to participate in either the court's non-binding arbitration program, ENE, Mediation, or have an Early Settlement Conference with a Magistrate Judge, or in a similar process offered by a private provider. The court's professional ADR staff, during telephone conferences, may help the parties select a suitable option, and the judge may address ADR at a Case Management Conference.

84. These courts include the District of Washington D.C., the Western District of Missouri, the Eastern District of New York, the Southern District of New York, the Northern District of Ohio, and the Western District of Oklahoma.

85. Law publishers and bar associations sometimes issue directories of dispute resolution providers. See, e.g., BAR ASSOCIATION OF SAN FRANCISCO, *DIRECTORY OF SAN FRANCISCO ATTORNEYS* (1995) (Alternative Dispute Resolution Directory); MARTINDALE HUBBEL ADR DIRECTORY.

structure is available, the parties might want to design their own ADR process.⁸⁶

After learning about the available ADR options, counsel should consider which potential benefits of ADR—such as a quick and efficient resolution; cost savings; creative, business-driven results; control over the process and result; better-informed decisions; preserved, improved or new relationships and confidentiality—are important to the client. Taking into account the client's goals, an assessment of the case and the dynamics of parties, and whether or how much evaluative feedback would be useful, counsel can in consultation with the client try to determine which processes would most likely provide the benefits that are important to the client.⁸⁷ In so doing, the lawyer should be aware of major forces driving the litigation. For example, if the suit is driven by the ego of an inventor, a facilitative process like mediation may help satisfy the inventor's interests or an evaluative process might provide the inventor with a reality check. If the case is driven by competition in the marketplace and is being used as a tool to get leverage in the market, an evaluative process might be of little benefit. If the case is merit-driven, in that one side believes a patent is being violated, the parties' perceptions of the legal rights become important

86. See CPR MODEL ADR PROCEDURES, ADR IN TECHNOLOGY DISPUTES (1987). This handbook was developed by practitioners and managers for selecting, structuring, and using ADR processes in intellectual property disputes. It contains annotated model procedures, four of which were developed specifically for technology disputes, as well as model ADR contract clauses and confidentiality agreements.

87. The handbook DISPUTE RESOLUTION PROCEDURES IN THE NORTHERN DISTRICT OF CALIFORNIA 22-23 includes a chart summarizing the court's general observations about the various benefits of ADR and the extent to which different ADR processes are likely to deliver those benefits. The chart is reproduced in Appendix A. Two ADR professors, Stephen B. Goldberg of Northwestern University School of Law and Frank E.A. Sander of Harvard Law School, advocate a rigorous analytical approach for selecting a dispute resolution process. See Frank E.A. Sander & Stephen B. Goldberg, *Fitting the Forum to the Fuss: A User-Friendly Guide to Selecting an ADR Procedure*, 10 NEGOTIATION J. 49, 50 (1994). The authors provide a detailed chart to facilitate this analysis. Under this approach, counsel first determines the client's and the opponent's objectives and then analyzes which process would best meet these objectives. The authors assign weighted point values to each dispute resolution process based on its ability to advance those objectives. The eight objectives in this analysis are: minimize costs, speed, privacy, maintain/improve relationship, vindication, neutral opinion, precedent, and maximizing/minimizing recovery. The dispute resolution processes included are mediation, mini-trial, summary jury trial, early neutral evaluation, arbitration or private judging, and court. *Id.* at 53. When analysis using the chart suggests that a non-binding process might be best, the next step of the analysis is to consider the impediments to settlement and the extent to which each process might overcome them. The authors again provide a chart of weighted point values for each non-binding process (mediation, minitrial, summary jury trial, and ENE) based on its ability to overcome the impediment. *Id.* at 55.

and an evaluation explaining the unpredictability of the result could be useful.

After narrowing the ADR options, counsel might inquire whether an opponent is willing to try an ADR process.⁸⁸ If they are not, counsel might enlist the help of the court, its ADR staff, or a private ADR provider in bringing the opponent to the table.

C. Preparing for the ADR Session

Perhaps the best preparation for any ADR session is for the lawyer and the client to conduct a rigorous, four-step risk analysis.⁸⁹ First, they should identify the client's interests and consider ways in which they might be met. Second, they should determine their leverage by analyzing the strength of their legal position. Third, they should anticipate their opponent's positions and interests by trying to see the case through the opponent's eyes. They should consider what they may be able to get their opponent to do and what they can do for their opponent that the opponent cannot do on its own. Finally, they should consider the costs of not settling.

Counsel should carefully consider what discovery needs to be conducted before the session. It is not advisable to conduct full-blown discovery, but it is generally useful to learn enough to understand the strengths and weaknesses of a case.

Counsel should also give careful thought to selecting the most appropriate people to attend the session. It is critical that each side bring someone with decision-making authority such as the CEO of a company or the person who has the most to lose or gain. It is also important to send a client representative who has knowledge of the facts. Often these are not the same person. In preparing clients for the ADR session, counsel should encourage them to participate actively and tell their story. Since active client participation is unusual in traditional litigation and settlement negotiations, the lawyer or the client might have to become comfortable with this change in culture.⁹⁰

88. It is no longer considered a sign of "weakness" to suggest ADR to one's opponent. Collier, *supra* note 2. See also *Mid-Market Players Want a Piece of the ADR Pie*, THE RECORDER, July 26, 1995, at 7 (quoting attorney and mediator Jerry Spolter of Spolter, McDonald & Marion, "Mediation is no longer perceived as a sign of weakness, but as a skilled negotiator's utilization of an option.").

89. Collier, *supra* note 2. Collier suggests this risk analysis is the "hidden advantage" and the "key to success" in an ADR proceeding. Typically, this analysis is not done until late in the case unless the parties face an early dispositive motion. Sometimes this analysis may be done in the course of an ENE session, although it generally works to the parties' advantage to conduct it before the session. *Id.*

90. See Heinze, *supra* note 26, at 333.

Counsel should become familiar with the specifics of the process, including any governing rules. Even if the ADR process does not require written submissions, counsel should consider whether submitting written statements to the neutral evaluator and exchanging them with the opponent might be useful. The Northern District of California's ENE program provides special requirements that counsel might use as guidelines for patent, trademark, and copyright cases.⁹¹ In addition, a lawyer might take advantage of the many opportunities for training or experience as an ADR neutral, available through courts, community programs and other organizations. Many lawyers find it satisfying to help others resolve or streamline their cases and enjoy the additional exposure they receive. Also, it teaches attorneys what to expect and how most effectively to satisfy a client's interests when representing them in ADR.

Finally, if the client's aim is to settle the case, the lawyer and client should approach the ADR proceeding with a positive desire to resolve the problem and to cooperate in finding creative resolutions.⁹²

III Conclusion

ADR provides many advantages over litigation in intellectual property disputes. Unlike litigation, ADR tends to be compatible with the business interests of the parties. In sum, most intellectual property cases can benefit in some way from one of a wide range of ADR processes, either by settlement, narrowing the issues, improved communication, or case-planning assistance.

One of the key benefits of ADR is the ability of the parties to select a process suitable for their case and to tailor the process to the needs of the parties. Thus, to obtain the most beneficial result from

Lawyers must also learn to distinguish between the needs and desires of their clients. Otherwise, lawyers who act solely in the "best interest" of their clients may fail to even recognize, much less satisfy, clients' true need for resolving a particular dispute. Unfortunately, such a radically new role for lawyers may be inconsistent with the expectations of even the most enlightened clients, who are more likely to instruct their lawyers to file a lawsuit than to seek counsel on how to best resolve the underlying dispute.

Id. at 347-48.

91. See Appendix B, ADR Local Rule 5-10.

92. "The common thread in the successful ADR sessions is not the skill of the neutral but the attitude of the parties, that is how serious they are about resolving the dispute and how willing they are to work together." Zimmerman, *supra* note 5. See also Cundiff, *supra* note 3, at S25 ("Bold success in resolving any dispute depends, in large measure, on a shared desire to resolve the problem as well as cooperation and creativity in fashioning techniques well-suited to that end.").

ADR, lawyers should help their clients make informed decisions in selecting a suitable ADR process and in customizing it for their case, and should thoroughly prepare themselves and their client to participate meaningfully in the ADR proceeding.

APPENDIX A: Chart Showing How to Select an ADR Process

How likely is each ADR Process to deliver the specific benefit?

● = Very likely ◐ = Somewhat likely ○ = Unlikely

	Arbitration	ENE	Mediation	Settlement Conference
ENHANCE PARTY SATISFACTION				
Help settle all or part of dispute	◐ ₁	◐ ₂	●	● ₃
Permit creative/business-driven solution that court could not order	◐ ₁	◐ ₂	●	◐ ₃
Preserve personal or business relationships	◐ ₁	◐ ₂	●	◐ ₃
Increase satisfaction and thus improve chance of lasting solution	◐ ₁	◐ ₂	●	◐ ₃
ALLOW FLEXIBILITY, CONTROL AND PARTICIPATION				
Broaden the interests taken into consideration	N/A	◐ ₂	●	◐ ₃
Protect confidentiality	◐ ₄	●	●	●
Provide trial-like hearing	●	N/A	N/A	N/A
Provide opportunity to appear before judicial officer	N/A	N/A	N/A	●
IMPROVE CASE MANAGEMENT				
Help parties agree on further conduct of the case	N/A	●	◐ ₅	◐ ₃
Streamline discovery and motions	N/A	●	◐ ₅	◐ ₃
Narrow issues and identify areas of agreement	N/A	●	●	●
Reach stipulations	N/A	●	◐ ₅	●

IMPROVE UNDERSTANDING OF CASE				
Help get to core of case and sort out issues in dispute	◐	●	●	●
Provide neutral evaluation of case	●	●	○	◐ ₃
Provide expert in subject matter	◐ ₆	●	◐ ₆	◐ ₆
Help parties see strengths and weaknesses of positions	●	●	●	●
Permit direct and informal communication of clients' views	○	◐	●	○ ₃
Provide opportunity to assess witness credibility and performance	●	◐ ₇	◐ ₇	○
Help parties agree to an informal exchange of key information	○	●	◐ ₅	◐ ₃
REDUCE HOSTILITY				
Improve communications between parties/attorneys	◐ ₁	●	●	◐ ₃
Decrease hostility	○	●	●	◐ ₃

Notes:

1. Arbitration may provide this benefit when the award triggers or contributes to settlement discussions.
2. ENE may provide this benefit when the parties use it for settlement discussions. Some of the court's ENE evaluators also have been trained as mediators.
3. Depending on the settlement judges' particular styles, settlement conferences may or may not deliver this benefit.
4. The arbitration award may not be disclosed to the assigned trial judge until the action is terminated. Although the award is not admissible at a trial *de novo*, recorded communications made during the arbitration may be admissible for limited purposes.
5. Mediations may deliver this benefit, but they focus primarily on settlement.
6. Depending on the subject matter of the dispute, the neutral might have expertise.
7. This benefit may result if the parties participate actively in the joint session.

APPENDIX B:
United States District Court,
Northern District of California
ADR Local Rule 5-10

5-10

**Special Provisions for Patent,
Copyright, or Trademark Cases**

(A) **PATENT CASES.** A party who bases a claim on a patent shall attach to its written statement an element-by-element analysis of the relationship between the applicable claims in the patent and the allegedly infringing product. Also the party shall describe in its written statement its theory or theories of damages and shall set forth all available information that supports each theory. A party who asserts a defense against the patent based on “prior art” shall attach an exhibit that identifies each known example of alleged prior art and the claims of the patent. In addition, if such party denies infringement, it shall describe the basis for such denial.

(B) **COPYRIGHT CASES.** A party who bases a claim on copyright shall include as exhibits the copyright registration and exemplars of both the copyrighted work and the allegedly infringing work, and shall make a systematic comparison showing points of similarity. Such party shall also present whatever direct or indirect evidence it has of copying, and shall indicate whether it intends to elect statutory or actual damages. Each party in a copyright case who is accused of infringing shall set forth in its written statement the dollar volume of sales of and profits from the allegedly infringing works that it and any entities for which it is legally responsible have made.

(C) **TRADEMARK CASES.** A party who bases a claim on trademark or trade dress infringement, or on other unfair competition, shall include as an exhibit its registration, if any, exemplars of both its use of its mark and use of the allegedly infringing mark, both including a description or representation of the goods or of actual confusion. If “secondary meaning” is in issue, such a party shall also describe the nature and extent of the advertising it has done with its mark and the volume of goods it has sold under its mark. Both parties shall describe in their evaluation statements how the consuming public is exposed to their respective marks and goods or services, including, if available, photographic or other demonstrative evidence. Each party in a trademark or unfair competition case who is accused of infringement shall set forth the dollar volume of sales of and profits from goods or services bearing the allegedly infringing mark.

